

HUNTINGTON BEACH OVERSIGHT BOARD

*of the Successor Agency of the former
City of Huntington Redevelopment Agency*

Special Meeting Agenda

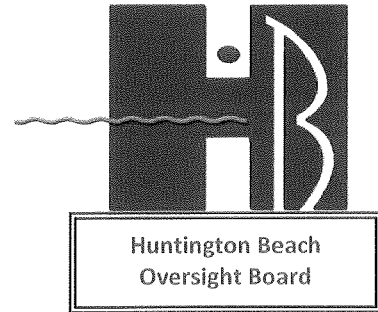
November 24, 2014

4:00 P.M.

City Hall, 2000 Main Street, Civic Center Lower Level,
Room B-8, Huntington Beach, CA 92648

Teleconferencing Location:

2 Park Plaza, Suite 100, Irvine, CA 92614



WEB ACCESS:

Meeting audio archives can be accessed
at <http://huntingtonbeach.granicus.com>

****REMINDER****

As a courtesy to those in attendance, please
silence your cell phones and pagers

MEETING ASSISTANCE NOTICE - AMERICANS WITH DISABILITIES ACT

In accordance with the Americans with Disabilities Act the following services are available to members of our community who require special assistance to participate in Oversight Committee meetings. If you require special assistance, 48-hour prior notification will enable the city to make reasonable arrangements. To make arrangements for an assisted listening device (ALD) for the hearing impaired, American Sign Language interpreters, a reader during the meeting and/or large print agendas, please contact the Oversight Board Secretary's Office at (714) 536-5227.

OVERSIGHT COMMITTEE AGENDA

The Oversight Committee agenda and supporting documentation is made available for public review during normal business hours in the Office of the Oversight Board Secretary, 2000 Main Street immediately following distribution of the agenda packet to a majority of the Board Members. Questions on agenda items may be directed to the Oversight Board Secretary's Office at (714) 536-5227. The agenda packet is posted on the city's website at <http://www.huntingtonbeachca.gov/Government/agendas/>.

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SUPPLEMENTAL COMMUNICATION

Staff and members of the public have the opportunity to submit information related to an agenda item following distribution of the agenda packet to the Board Members. This information is identified as "Supplemental Communication" and is assembled into a packet by the Oversight Board Secretary on the day of the meeting. The Brown (Open Meetings) Act requires that copies of Supplemental Communication be made available to the public immediately upon distribution of material to a majority of the Board Members. Communication received by any individual at the meeting will be made available to the public in the Oversight Board Secretary's Office the following morning.

PUBLIC COMMENTS

This is the time of the meeting for the Board Members to receive comments from the public regarding items of interest or agenda items. Pursuant to the Brown (Open Meeting) Act, the Board Members may not enter into discussion regarding items not on the Oversight Committee agenda. The Board Members strive to treat members of the public with respect. Comments or concerns provided by the public shall be done in a civil and respectful manner.

To participate in Public Comments, **yellow Request to Speak** forms are available at the entrance table and are collected by the Oversight Board Secretary. Each speaker is allowed 3 minutes, and time may not be donated to another speaker.

This agenda contains a brief general description of each item the Oversight Board will consider. The City Clerk has on file copies of written documentation relating to each item of business on this Agenda available for public inspection. Contact the City Clerk's Office at (714) 536-5227 or view the Agenda and related materials on the City's website at <http://www.huntingtonbeachca.gov>. Materials related to an item on this Agenda submitted to the Oversight Board after distribution of the Agenda Packet are available for public inspection in the City Clerk's Office at 2000 Main Street, Huntington Beach, California during normal business hours. Such documents may also be available on the City's website subject to staff's ability to post documents before the meeting.

Special Accommodations

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk's Office at (714) 536-5227. Notification 48 hours prior to the meeting will enable City staff to make reasonable arrangements to ensure accessibility.
(28 CFR 35.102.35.104 ADA Title II)

HUNTINGTON BEACH OVERSIGHT BOARD

*of the Successor Agency of the former
City of Huntington Redevelopment Agency*

Special Meeting Agenda

November 24, 2014

4:00 P.M.

City Hall, 2000 Main Street, Civic Center Lower Level, Room B-8,
Huntington Beach, CA 92648

Teleconferencing Location:

2 Park Plaza, Suite 100, Irvine, CA 92614

**4:00 PM – ROOM B-8
CIVIC CENTER, 2000 MAIN STREET
HUNTINGTON BEACH, CA 92648**

**TELECONFERENCING LOCATION: (BOARD MEMBER LUCY DUNN)
2 PARK PLAZA, SUITE 100
IRVINE, CA 92614**

BOARD MEMBERS: City of Huntington Beach appointee **Mayor Matthew M. Harper**; County Board of Supervisors appointees **Lucy Dunn** and **Steve Bone**; Community Colleges Districts appointee **W. Andrew “Andy” Dunn**; Orange County Office of Education appointee **Carrie Delgado**; Former Huntington Beach Redevelopment Agency employee representative **Kellee Fritzel**; Special District – Orange County Sanitation District appointee **Joe Carchio**

CALL TO ORDER

ROLL CALL: Chair Harper, Vice Chair Carchio, Bone, Delgado, A. Dunn, L. Dunn, Fritzel

PLEDGE OF ALLEGIANCE: To be led by Mayor Harper

SUPPLEMENTAL COMMUNICATIONS: Announced by Board Secretary.

PUBLIC COMMENTS: *This is the portion of the meeting for any member of the public to address the Oversight Board on any matter that is within the subject matter jurisdiction of the board. The Brown Act, with limited exception, does not allow the board or staff to discuss unagendized issues brought forth under Public Comments. Comments should be limited to 3 minutes per person.*

BUSINESS:

1. **Adopt Oversight Board Resolution No. 2014-08 approving the Repayment Schedule for Loans from the former Redevelopment Agency's Low and Moderate Income Housing Fund**

Recommended Board Action:

Adopt Resolution No. 2014-08, "A Resolution of the Oversight Board of the Successor Agency to the Redevelopment Agency of the City of Huntington Beach Approving a Repayment Schedule for Loans from the Former Redevelopment Agency's Low and Moderate Income Housing Fund."

2. **Adopt Oversight Board Resolution No. 2014-09 Approving Two Proposed Assignments and Agreements Related to The Strand Project Disposition and Development Agreement with CIM/Huntington, LLC, Cypress Equities, and DiamondRock Hospitality**

Recommended Board Action:

Adopt Resolution No. 2014-09, "A Resolution of the Oversight Board of the Successor Agency to the Huntington Beach Redevelopment Agency Approving Two Proposed Assignments and Agreements Related Thereto Pertaining to The Strand Project Disposition and Development Agreement with CIM/Huntington, LLC."

3. **Approve and adopt the minutes of the Oversight Board Special Meeting of November 5, 2014**

Recommended Board Action:

Approve and adopt the minutes of the Oversight Board Special Meeting of November 5, 2014, as written and on file in the office of the Secretary of the Board.

MEMBER REPORTS/ANNOUNCEMENTS

ADJOURNMENT

The next Regular Meeting is scheduled for Monday, April 13, 2015, 4:30 PM at City Hall, 2000 Main Street, Civic Center Lower Level, Room B-8.

**Oversight Board of the Huntington
Beach Successor Agency
to the Redevelopment Agency**

Agenda Item #1

AGENDA REPORT

Oversight Board of the Huntington Beach Successor Agency to the Redevelopment Agency

MEETING DATE: November 24, 2014

SUBJECT/ACTION: Adopt Oversight Board Resolution No. 2014-08 approving the Repayment Schedule for Loans from the former Redevelopment Agency's Low and Moderate Income Housing Fund

STATEMENT OF ISSUE:

The Oversight Board is requested to approve the Resolution approving the Loan Repayment Schedule for Loans to the former Redevelopment Agency of the City of Huntington Beach from the former Redevelopment Agency's Low and Moderate Income Housing Fund, including loans to fund the Redevelopment Agency's payments to the Supplemental Education Revenue Augmentation Fund.

RECOMMENDED ACTION: _____ Motion to:

Adopt Resolution No. 2014-08, "A Resolution of the Oversight Board of the Successor Agency to the Redevelopment Agency of the City of Huntington Beach Approving a Repayment Schedule for Loans from the Former Redevelopment Agency's Low and Moderate Income Housing Fund."

BACKGROUND:

As part of the Redevelopment Agency dissolution that took place on February 1, 2012 all of the assets of the former Low and Moderate Income Housing Fund were transferred to the Huntington Beach Housing Authority. The transfer of assets that was approved by the California Department of Finance included an accounts receivable for loans from the Low and Moderate Income Housing Fund, including the Supplemental Education Revenue Augmentation Fund (SERAF) loans issued in 2010 and 2011, which were used to fund the Agency's portion of the SERAF shift payment to the County, pursuant to Assembly Bill 26 4x.

Pursuant to Section 34176(e)(6)(B), in 2014-15 a Successor Agency may begin repaying loans or deferrals owed to the Low and Moderate Income Housing Fund in an amount equal to one-half of the increase between the residual balance distributed to taxing entities after all enforceable obligations have been paid in the current fiscal year and the residual balance distributed to taxing entities in the 2012-13 fiscal year. The Successor Agency has outstanding loans from the Low and Moderate Income Housing Fund, including an outstanding SERAF Loan in the amount of \$3,956,116. Under the dissolution law those loans are now eligible for repayment.

The first loan payment was listed on the ROPS 14-15B, which was approved by Oversight Board resolution. However, the Department of Finance (DOF) has taken the position that successor agencies must prepare a separate resolution of the Oversight Board approving a repayment schedule. To prevent DOF's position from further delaying the Housing Authority's receipt of these funds, staff has taken the time to prepare and present this report and resolution for Oversight Board approval.

Since the amounts that can be repaid in any fiscal year are tied to actual distributions in a given year compared to the base year, future year payment amounts beyond ROPS 14-15B cannot be calculated at this time. However, pursuant to Section 34176 (e)(6)(B) the repayment amount for each fiscal year will be equal to the maximum amount allowed under the section, with the calculation for Fiscal Year 2014-2015 shown below. A similar calculation would be made for each succeeding fiscal year, until all of the loans from the Low and Moderate Income Housing Fund have been repaid.

SERAF LOAN PAYMENT - FY 2014-15

Base Year Excess Revenue 2012-13

OC A/C Distribution (Excess Revenue) July - December 2012	\$	740,249
OC A/C Distribution (Excess Revenue) January - June 2013		863,341
<i>Total 2012-13 Distributions</i>	\$	1,603,590

Fiscal Year Excess Revenue 2013-14

OC A/C Distribution (Excess Revenue) July - December 2013	\$	859,108
OC A/C Distribution (Excess Revenue) January - June 2014		3,199,619
<i>Total 2013-14 Distributions</i>	\$	4,058,727

Increase from 2012-13 Distribution and 2013-14 Distribution **\$ 2,455,137**

Allowable SERAF Payment **\$ 1,227,569**
(One-half of Increase from 2012-13 to 2013-14)

The Successor Agency recommends that the Oversight Board adopt the attached Resolution approving the Loan Repayment Schedule for loans from the Low and Moderate Income Housing Fund.

ATTACHMENT(S):

1. Resolution No. 2014-08, "A Resolution of the Oversight Board of the Successor Agency to the Redevelopment Agency of the City of Huntington Beach Approving a Repayment Schedule for Loans from the Former Redevelopment Agency's Low and Moderate Income Housing Fund"

RESOLUTION NO. 2014-08

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF HUNTINGTON BEACH APPROVING A REPAYMENT SCHEDULE FOR LOANS FROM THE FORMER REDEVELOPMENT AGENCY'S LOW AND MODERATE INCOME HOUSING FUND

WHEREAS, the Redevelopment Agency of the City of Huntington Beach ("Redevelopment Agency") was a redevelopment agency in the City of Huntington Beach ("City"), duly created pursuant to the California Community Redevelopment Law (Part 1 (commencing with Section 33000) of Division 24 of the California Health and Safety Code) ("Redevelopment Law"); and

Assembly Bill No. X1 26 (2011-2012 1st Ex. Sess.) ("AB 26") was signed by the Governor of California on June 28, 2011, making certain changes to the Redevelopment Law and to the California Health and Safety Code ("H&S Code"), including adding Part 1.8 (commencing with Section 34161) ("Part 1.8") and Part 1.85 (commencing with Section 34170) ("Part 1.85") to Division 24 of the H&S Code; and

Pursuant to AB 26, as modified by the California Supreme Court on December 29, 2011 by its decision in *California Redevelopment Association v. Matosantos*, all California redevelopment agencies, including the Redevelopment Agency, were dissolved on February 1, 2012, and successor agencies were designated and vested with the responsibility of paying, performing and enforcing the enforceable obligations of the former redevelopment agencies and expeditiously winding down the business and fiscal affairs of the former redevelopment agencies; and

The City Council of the City elected for the City to serve as the successor agency to the Redevelopment Agency upon the dissolution of the Redevelopment Agency under AB 26 ("Successor Agency"); and

The City Council of the City adopted Resolution No. 2012-02 on January 9, 2012, designating the Huntington Beach Housing Authority (the "Authority") as the entity responsible for performing the housing functions previously performed by the Redevelopment Agency and authorizing the transfer to the Authority of the Redevelopment Agency's housing assets and functions; and

The Authority adopted Resolution No. 2012-01 on January 9, 2012, accepting the designation as the entity that will perform the housing functions previously performed by the Redevelopment Agency and accepting the transfer of housing assets and functions; and

On June 27, 2012, the Legislature passed and the Governor signed Assembly Bill No. 1484 ("AB 1484", Chapter 26, Statutes 2012). AB 26 and AB 1484, as further amended, are collectively referred to herein as the "Dissolution Act"; and

The Dissolution Act provides for the repayment, and deposit into the Low and Moderate

Income Housing Asset Funds of housing successors, of funds that had been borrowed from the redevelopment agencies' Low and Moderate Income Housing Funds, including but not limited to funds borrowed to make Supplemental Educational Revenue Augmentation Fund ("SERAF") payments; and

The Redevelopment Agency had borrowed money from the Low and Moderate Income Housing Fund for purposes that included making SERAF payments ("Loans"); and

The Loans were included in the Housing Asset Transfer Form that was prepared by the Authority and submitted on August 1, 2012 to the California Department of Finance ("DOF") as required by Section 34176(a)(2) of the Dissolution Act and on February 15, 2013, DOF notified the Authority that it did not object to the transfer of the Loans to the Authority; and

Section 34171(d)(1)(G) of the Dissolution Act requires the Oversight Board to approve the repayment schedule for the Loans; and

Section 34176(e)(6)(B) of the Dissolution Act sets forth the formula for determining the maximum amount of annual payments on the Loans; and

All of the prerequisites with respect to the approval of this Resolution have been met.

NOW, THEREFORE, the Oversight Board of the Successor Agency to the Redevelopment Agency of the City of Huntington Beach does hereby resolve as follows:

1. The Oversight Board hereby determines that the foregoing recitals are true and correct.
2. The Oversight Board hereby approves the repayment schedule for the Loans attached to this Resolution as Attachment 1.
3. The Oversight Board hereby authorizes the Successor Agency to place on each Recognized Obligation Payment Schedule ("ROPS") the maximum payment on the Loans that is permitted by the Dissolution Act.
4. The Oversight Board hereby ratifies and approves the placement on ROPS 14-15B of the Fiscal Year 2014-2015 payment on the Loans, in the amount shown on the attached repayment schedule.
5. The adoption of this Resolution is not intended to and shall not constitute a waiver of any constitutional, legal or equitable rights that the Successor Agency or Oversight Board may have to challenge, through any administrative or judicial proceedings, the effectiveness and/or legality of all or any portion of the Dissolution Act, any determinations rendered or actions or omissions to act by any public agency or government entity or division in the implementation of the Dissolution Act, and any and all related legal and factual issues, and the Successor Agency, Oversight Board, and Authority expressly reserve any and all rights, privileges, and defenses available under law and equity.

6. If any provision of this Resolution or the application of any such provision to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution that can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable. The Oversight Board declares that its Board would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution.

7. The Oversight Board directs the Successor Agency to provide a copy of this Resolution to DOF pursuant to Section 34179(h) of the Dissolution Act, which provides that the Oversight Board's action will become effective within five (5) business days after notice is given in the manner specified by DOF unless DOF requests a review, in which case the Resolution will become effective upon DOF approval.

PASSED AND ADOPTED by the Oversight Board of the Successor Agency to the Redevelopment Agency of the City of Huntington Beach at a meeting thereof held on the 24th day of November, 2014.

Chairperson

REVIEWED AND APPROVED:


Executive Director

INITIATED AND APPROVED:



Deputy Executive Director

APPROVED AS TO FORM:



Board Counsel

ATTACHMENT 1**SUPPLEMENTAL EDUCATION REVENUE AUGMENTATION FUND
REPAYMENT SCHEDULE****SERAF LOAN PAYMENT - FY 2014-15****Base Year Excess Revenue 2012-13**

OC A/C Distribution (Excess Revenue) July - December 2012	\$	740,249
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Fiscal Year Excess Revenue 2013-14

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<i>Total 2013-14 Distributions</i>	\$	4,058,727

<i>Increase from 2012-13 Distribution and 2013-14 Distribution</i>	\$	2,455,137
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<i>Allowable SERAF Payment (One-half of Increase from 2012-13 to 2013-14)</i>	\$	1,227,569
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Pursuant to Section 34176(e)(6)(B) the repayment amounts for each fiscal year will be equal to the maximum amount allowed under the section.

**Oversight Board of the Huntington
Beach Successor Agency
to the Redevelopment Agency**

Agenda Item #2

AGENDA REPORT

Oversight Board of the Huntington Beach Successor Agency to the Redevelopment Agency

MEETING DATE: November 24, 2014

SUBJECT/ACTION: Adopt Oversight Board Resolution No. 2014-09 Approving Two Proposed Assignments and Agreements Related to The Strand Project Disposition and Development Agreement with CIM/Huntington, LLC, Cypress Equities, and DiamondRock Hospitality

STATEMENT OF ISSUE:

The Oversight Board is requested to approve the assignment of The Strand to Cypress Equities doing business as Capref Acquisitions, LLC, a Texas limited liability company ("Office/Retail Assignee") and The Shorebreak Hotel to DiamondRock Hospitality doing business as DiamondRock Acquisitions, LLC, a Delaware limited liability company ("Hotel Assignee").

RECOMMENDED ACTION: Motion to:

Adopt Resolution No. 2014-09, "A Resolution of the Oversight Board of the Successor Agency to the Huntington Beach Redevelopment Agency Approving Two Proposed Assignments and Agreements Related Thereto Pertaining to The Strand Project Disposition and Development Agreement with CIM/Huntington, LLC."

BACKGROUND/DISCUSSION:

The former redevelopment agency and CIM entered into a Disposition and Development Agreement (DDA) on June 17, 1999. The DDA set forth the development of a hotel with approximately 115 – 130 rooms and 135,000 square feet of commercial space. The Agency contributed both the land and excess project costs. The DDA was subsequently amended with the approval of the First Implementation Agreement on April 6, 2000; the Second Implementation Agreement on March 5, 2001; the Third Implementation on October 30, 2002; the Fourth Implementation Agreement on September 2, 2003; the Fifth Implementation Agreement on July 19, 2004; and the Sixth Implementation Agreement on November 3, 2008. The changes to the project included increased hotel rooms (157 rooms), a boutique hotel in lieu of a business hotel, increased parking, land leases, and Agency assistance. As part of the Agreements, CIM was allowed to create commercial condominiums for the site. The Strand currently consists of a separate commercial condominium for the City-owned parking structure.

Since The Strand opened in May 2009, CIM has been operating the project as one project. However, CIM notified the Successor Agency of the decision to create two

separate condominium plans and sell the property to two separate entities – retail/office and hotel. The retail/office owner will be the designated property manager. Prior to the Successor Agency request to consider the Assignments, Staff and Keyser Marston conducted a financial and project review of the two companies. The review consisted of review of the following:

- Financial Statements for a 3 year period;
- Information for both companies regarding the experience, expertise, and financial position including a company description and officer bios;
- Annual Report and a company overview;
- Resumes of all key personnel that will be involved in The Strand;
- Similar projects they own/manage (property ownership portfolio);
- California experience;
- Corporate Organizational Document for the company that will hold The Strand or Shorebreak Hotel;
- What hotel flags DiamondRock currently owns/operates;
- Who and how hotel properties are managed, whether the Hotel portion is recommending a proposed new hotel flag, and how it meets the minimum qualifications in Agreement.

The retail/office proposed assignment would be to Cypress Equities, which was founded in 1995, and has offices in Dallas, Atlanta, San Francisco, New York, and Ft. Lauderdale. Cypress has developed and acquired more than 18 million square feet and their current portfolio is over 10 million square feet with a primary focus on retail and mixed-use properties. Cypress Equities currently owns and operates a premier portfolio of high quality assets valued at more than \$1.2 billion, consisting of a variety of retail, office and residential real estate properties.

Their current acquisition fund is a \$400 Million discretionary equity fund exclusively focused on acquiring value-add retail real estate within the continental US. This fund has already closed on seven acquisitions totally approximately \$500 Million since June 2013. There is currently over \$200 Million remaining from this fund to allocate to future acquisitions (The Strand being one of these). They own similar projects, such as Market Street Place in San Francisco, CA, consisting of 250,000 square feet in a five-story building with one lower level for retail plus two lower levels for parking; Glendale Marketplace in Glendale, CA, a 153,535-square-foot, open-air retail and entertainment center; Lloyd Center, in Portland, OR , a 1,280,053-square-foot regional shopping center; and Brookwood Village, in Birmingham, AL, a 603,857-square-foot, two-level enclosed Mall, a 41,900-square-foot grocery-anchored retail component, plus a nine-story 170,270-squarefoot Class "A" office building.

The hotel portion is proposed to be assigned to DiamondRock Hospitality Company. DiamondRock operates as a real estate investment trust and owns a portfolio of 27 premium hotels and resorts containing over 11,000 guest rooms in the aggregate, concentrated in key gateway cities and destination resorts throughout North America and the U.S. Virgin Islands. DiamondRock's vision is to be the premier allocator of capital in the lodging industry with the goal of delivering above average shareholder returns across the full lodging cycle.

Each of DiamondRock's hotels and resorts is managed by a third party. Most are operated under a brand owned by one of the leading global lodging brand companies (Marriott™, Starwood™ or Hilton™). DiamondRock regularly analyzes all of the properties in their portfolio, as well as market conditions, to ensure that they are allocating capital to the highest return opportunities. Their ongoing capital allocation activities include renovation projects, marketing non-core assets for sale, and acquisitions. Additionally, DiamondRock's conservative capital structure helps them achieve the optimal balance between value, risk and cost of capital. DiamondRock seeks to further enhance value through efficient corporate overhead, best-in-class corporate governance practices, and openness and transparency in their communications with investors.

In recent years, the company has developed a new focus on diversifying the portfolio away from branded hotels. The strategic objective is for the portfolio to go from 64% brand managed to 50%. The past two DiamondRock acquisitions (The Inn at Key West and The Rex Hotel) were each small independent, boutique hotels similar to the Shorebreak. The Rex hotel, located in San Francisco, is currently operated by Commune Hotels, the current manager of the Shorebreak. The strong relationship with Commune Hotels provided another layer of comfort to the potential transaction. DiamondRock's plan is to maintain the Shorebreak name and theme of the hotel that Commune and CIM created. DiamondRock is focused on adding hotels on the West Coast, especially smaller boutique hotels, and for these reasons the Shorebreak is well-suited for the company's refocused strategy.

ATTACHMENT(S):

1. Resolution No. 2014-09, "A Resolution of the Oversight Board of the Successor Agency to the Huntington Beach Redevelopment Agency Approving Two Proposed Assignments and Agreements Related Thereto Pertaining to The Strand Project Disposition and Development Agreement with CIM/Huntington, LLC."

RESOLUTION NO. 2014-09**A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE HUNTINGTON BEACH REDEVELOPMENT AGENCY APPROVING TWO PROPOSED ASSIGNMENTS AND AGREEMENTS RELATED THERETO PERTAINING TO THE STRAND PROJECT DISPOSITION AND DEVELOPMENT AGREEMENT WITH CIM/HUNTINGTON, LLC**

WHEREAS, the Redevelopment Agency of the City of Huntington Beach (“Redevelopment Agency”) was a redevelopment agency in the City of Huntington Beach (“City”), duly created pursuant to the California Community Redevelopment Law (Part 1 (commencing with Section 33000) of Division 24 of the California Health and Safety Code) (“Redevelopment Law”); and

In furtherance of the Redevelopment Law, the Redevelopment Agency entered into that certain Disposition and Development Agreement by and between the Redevelopment Agency and CIM Group, LLC dated June 17, 1999, which Disposition and Development Agreement was supplemented by that certain [First] Implementation Agreement entered into between the Redevelopment Agency and CIM Group, LLC dated April 6, 2000; that certain Second Implementation Agreement entered into between the Agency and CIM Group, LLC dated March 5, 2001, that certain Third Implementation Agreement entered into between the Agency and CIM/Huntington, LLC, CIM Group, LLC’s successor-in-interest, dated October 30, 2002, that certain Fourth Implementation Agreement entered into between the Agency and CIM/Huntington, LLC dated as of September 15, 2003, that certain Fifth Implementation Agreement entered into between the Agency and CIM/Huntington, LLC dated as of July 19, 2004 and certain Sixth Implementation Agreement entered into between the Agency and CIM/Huntington, LLC dated as of November 3, 2008 (collectively, the “DDA”); and

The DDA pertains to the development more commonly known as The Strand located in the City of Huntington Beach. The Strand includes retail and office space, a luxury boutique hotel (The Shorebreak Hotel, operated by Joie de Vivre), and a subterranean parking garage owned by the City; and

Assembly Bill No. X1 26 (2011-2012 1st Ex. Sess.) (“AB 26”) was signed by the Governor of California on June 28, 2011, making certain changes to the Redevelopment Law and to the California Health and Safety Code (“H&S Code”), including adding Part 1.8 (commencing with Section 34161) (“Part 1.8”) and Part 1.85 (commencing with Section 34170) (“Part 1.85”) to Division 24 of the H&S Code; and

Pursuant to AB 26, as modified by the California Supreme Court on December 29, 2011 by its decision in *California Redevelopment Association v. Matosantos*, all California redevelopment agencies, including the Redevelopment Agency, were dissolved on February 1, 2012, and successor agencies were designated and vested with the responsibility of paying, performing and enforcing the enforceable obligations of the former redevelopment agencies and

expeditiously winding down the business and fiscal affairs of the former redevelopment agencies; and

The City Council of the City elected for the City to serve as the successor agency to the Redevelopment Agency upon the dissolution of the Redevelopment Agency under AB 26 (“Successor Agency”); and

On June 27, 2012, the Legislature passed and the Governor signed Assembly Bill No. 1484 (“AB 1484”, Chapter 26, Statutes 2012); and

AB 26 and AB 1484, as further amended, are collectively referred to herein as the “Dissolution Act”. The Successor Agency succeeded to all of the interest of the Redevelopment Agency as successor agency pursuant to the Dissolution Act; and

H&S Code Section 34179 of the Dissolution Act establishes a seven (7) member local entity with respect to each successor agency and such entity is titled the “oversight board.” The oversight board has been established for the Successor Agency (hereinafter referred to as the “Oversight Board”); and

CIM/Huntington, LLC (“Owner”) is intending to record two condominium plans that subdivide the office/retail/hotel components of The Strand project into the following air rights parcels: (a) in one condominium plan, a boutique hotel consisting of approximately 144,015 square feet of space (the “Hotel Parcel”); and (b) in a second condominium plan, a condominium unit that includes approximately 41,159 square feet of office improvements (the “Office Parcel”) and a condominium unit that includes approximately 74,366 square feet of retail improvements (the “Retail Parcel”); and

Owner is proposing to sell its interests in the Office Parcel and Retail Parcel to CAPREF ACQUISITIONS, LLC, a Texas limited liability company (“Office/Retail Assignee”). Owner (or CIM/HUNTINGTON HOTEL, L.P., a California limited partnership, an anticipated successor-in-interest to the Hotel Parcel as permitted by the DDA) is proposing to sell its interests in the Hotel Parcel to DIAMONDROCK ACQUISITION, LLC, a Delaware limited liability company (“Hotel Assignee”); and

In connection with the sale of the Office Parcel, Retail Parcel and Hotel Parcel, City staff and Owner have negotiated three proposed agreements; namely, (a) a Termination Agreement by and among Dolores L. Cracchiolo and Salvator W. Cracchiolo, as trustees for the Declaration of Trust dated June 12, 1979, and Salvator W. Cracchiolo and Barbara F. Cracchiolo, as trustees of the Cracchiolo Family Trust dated March 28, 2003 (collectively, “Cracchiolo”), Owner, and the Successor Agency (“Termination Agreement”); (b) an Amendment of Declaration of Covenants, Conditions & Restrictions and Reciprocal Easement Agreement by and among the City, the Successor Agency, Cracchiolo, and Owner (“CC&Rs Amendment”); and (c) a Second Amendment to Agreement Containing Covenants Affecting Real Property by and between the Successor Agency, CIM/HUNTINGTON HOTEL, L.P., a California limited partnership, and Owner (“Second Amendment to Agreement Containing Covenants”). The Termination

Agreement releases the Successor Agency, the Redevelopment Agency, and the City from liability with respect to a Ground Lease and Sublease entered into in connection with the DDA and The Strand project. The CC&Rs Amendment is necessary to make certain clarifications due to the proposed sale of the Office Parcel, Retail Parcel and Hotel Parcel. The Second Amendment to Agreement Containing Covenants was contemplated in the DDA as set forth in Section 3 of the Fifth Implementation Agreement to the DDA to reflect separate ownership of the Hotel Parcel and the balance of the Site (as defined in the DDA). The Termination Agreement, the CC&Rs Amendment, and the Second Amendment to Agreement Containing Covenants may be collectively referred to herein as the "Transfer Agreements"; and

The Transfer Agreements were approved by the Successor Agency on November 17, 2014; and

All of the prerequisites with respect to the approval of this Resolution have been met.

NOW, THEREFORE, the Oversight Board of the Successor Agency to the Redevelopment Agency of the City of Huntington Beach does hereby resolve as follows:

1. The Oversight Board hereby finds and determines that the foregoing recitals are true and correct.

2. The Oversight Board hereby approves of an assignment of the Office Parcel and Retail Parcel to Office/Retail Assignee, subject to the approval by the Successor Agency's Executive Director of any entity formation agreements and documents (or changes therein) related to the sale, as well as the agreements and documents effectuating the sale; and further subject to the approval by the Successor Agency's Executive Director of a written assignment and assumption agreement whereby Office/Retail Assignee assumes the rights and obligations transferred by Owner and agrees to keep and perform all covenants, conditions and provisions of the DDA and related agreements which are applicable to the rights acquired.

3. The Oversight Board hereby approves of an assignment of the Hotel Parcel to Hotel Assignee, subject to the approval by the Successor Agency's Executive Director of any entity formation agreements and documents (or changes therein) related to the sale, as well as the agreements and documents effectuating the sale; and further subject to the approval by the Successor Agency's Executive Director of a written assignment and assumption agreement whereby Office/Retail Assignee assumes the rights and obligations transferred by Owner and agrees to keep and perform all covenants, conditions and provisions of the DDA and related agreements which are applicable to the rights acquired.

4. The Oversight Board hereby approves of the Transfer Agreements in the form submitted to the Oversight Board.

5. The Executive Director, or designee, of the Successor Agency is hereby authorized and directed to: (a) make non-substantive changes and amendments to the Transfer Agreements deemed necessary and as approved by the Executive Director of the Successor

Agency and its legal counsel; and (b) take such other actions and execute such other documents as are necessary to effectuate the intent of this Resolution on behalf of the Successor Agency.

6. The staff of the Successor Agency is hereby authorized to execute and record such documents and instruments and to do any and all other things which they may deem necessary or advisable to effectuate the intent of this Resolution and any such actions previously taken are hereby ratified.

7. The adoption of this Resolution is not intended to and shall not constitute a waiver of any constitutional, legal or equitable rights that the Successor Agency or Oversight Board may have to challenge, through any administrative or judicial proceedings, the effectiveness and/or legality of all or any portion of the Dissolution Act, any determinations rendered or actions or omissions to act by any public agency or government entity or division in the implementation of the Dissolution Act, and any and all related legal and factual issues, and the Successor Agency or Oversight Board expressly reserves any and all rights, privileges, and defenses available under law and equity.

8. If any provision of this Resolution or the application of any such provision to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution that can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable. The Oversight Board declares that its Board would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution.

9. This Resolution shall take effect upon the date of its adoption.

PASSED AND ADOPTED by the Oversight Board of the Successor Agency to the Redevelopment Agency of the City of Huntington Beach at a meeting thereof held on the 24th day of November, 2014.

Chairperson

REVIEWED AND APPROVED:

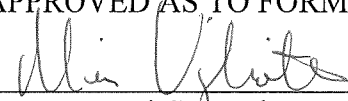
INITIATED AND APPROVED:

Executive Director



Deputy Executive Director

APPROVED AS TO FORM:



509 Board Counsel

**Oversight Board of the Huntington
Beach Successor Agency
to the Redevelopment Agency**

Agenda Item #3

Special Meeting Minutes
City of Huntington Beach Oversight Board of the Successor Agency
of the Former City of Huntington Beach Redevelopment Agency

Monday, November 5, 2014
4:00 PM - Room B-8
Civic Center, 2000 Main Street
Huntington Beach, California 92648

4:00 PM – ROOM B-8
CIVIC CENTER, 2000 MAIN STREET
HUNTINGTON BEACH, CA 92648

TELECONFERENCING LOCATION: (BOARD MEMBER LUCY DUNN)
2 PARK PLAZA, SUITE 100
IRVINE, CA 92614

BOARD MEMBERS: City of Huntington Beach appointee **Mayor Matthew M. Harper**; County Board of Supervisors appointees **Lucy Dunn** and **Steve Bone**; Community Colleges Districts appointee **W. Andrew “Andy” Dunn**; Orange County Office of Education appointee **Carrie Delgado**; Former Huntington Beach Redevelopment Agency employee representative **Kellee Fritzal**; Special District – Orange County Sanitation District appointee **Joe Carchio**

CALL TO ORDER – The Meeting was called to order by Vice Chair Carchio at 4:07 PM

ROLL CALL: Bone, Carchio, Fritzal, Delgado, L. Dunn (Via Conference Call)

ABSENT: Chair Harper and A. Dunn

PLEDGE OF ALLEGIANCE: Led by City Manager Fred Wilson

SUPPLEMENTAL COMMUNICATIONS: Announced by Board Secretary - None

PUBLIC COMMENTS: *This is the portion of the meeting for any member of the public to address the Oversight Board on any matter that is within the subject matter jurisdiction of the board. The Brown Act, with limited exception, does not allow the board or staff to discuss issues brought forth under Public Comments. Comments should be limited to 3 minutes per person. - None*

BUSINESS:

1. Approved and adopted Oversight Board Resolution No. 2014-06 approving the Long Range Property Management Plan (LRPMP)

Ken Domer, Assistant City Manager provided an oral overview of the seven LRPP City properties: International Surf Museum, Downtown Alley, Public Skate Park, Westminster Parcel, Waterfront Hyatt Regency, Waterfront Hilton/Parcel C and Edinger Hotel.

Joe Carchio presented the process for property disposal for discussion which includes City negotiations and DOF approval. There was no answer to how much time this process takes.

There being no further discussion nor questions, a motion was made by Vice Chair Carchio, second Fritzal to adopt Resolution No. 2014-06 approving the Long Range Property Management Plan (LRPMP).

The motion carried by the following vote:

AYES: Vice Chair Carchio, L. Dunn, Delgado and Fritzal
RECUSED: Bone for two waterfront parcels (Waterfront Hyatt Regency and Waterfront Hilton/Parcel C)
NOES: None
ABSENT: Chair Harper and A. Dunn

2. Approved and adopted Oversight Board Resolution No. 2014-07 re-approving the Purchase and Sale Agreement for the Edinger Hotel location

Ken Domer, Assistant City Manager presented information on the status and owner of the Edinger Hotel.

Vice Chair Carchio discussed the previous owners and transfers. The Flag decision was addressed by Fritzal.

There being no further discussion nor questions, a motion was made by Vice Chair Carchio, second Bone to adopt Resolution No. 2014-07 re-approving the Purchase and Sale Agreement for the Edinger Hotel location.

The motion carried by the following vote:

AYES: Vice Chair Carchio, L. Dunn, Delgado, Bone and Fritzal
NOES: None
ABSENT: Chair Harper and A. Dunn

1. Approved and adopted the minutes of the Oversight Board Special Meeting of September 22, 2014

A motion was made by Vice Chair Carchio, second Fritzal to approve and adopt the minutes of the Oversight Board Special Meeting of September 22, 2014 as written and on file in the office of the Secretary of the Board.

The motion carried by the following vote:

AYES: Vice Chair Carchio, Bone, L. Dunn, Delgado and Fritzal
NOES: None
ABSENT: Chair Harper and A. Dunn

MEMBER REPORTS/ANNOUNCEMENTS: None

ADJOURNMENT: The meeting was adjourned by Vice Chair Carchio at 4:19 p.m.

The next Regular Meeting is scheduled for Monday, November 24, 2014, 4:30 PM at City Hall, 2000 Main Street, Civic Center Lower Level, Room B-8.

The next Regular Meeting is scheduled for Monday, April 13, 2015, 4:30 PM at City Hall, 2000 Main Street, Civic Center Lower Level, Room B-8.

Joan L. Flynn
Secretary of the Huntington Beach
Oversight Board of the Successor
Agency of the Former City of
Huntington Beach, California
Redevelopment Agency

Joe Carchio
Vice Chair of the Huntington
Beach Oversight Board of the
Successor Agency of the Former
City of Huntington Beach,
California Redevelopment Agency

DRAFT